

**TOWNSHIP OF ORANGE  
KALKASKA COUNTY, MICHIGAN  
BASIC FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2008**

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### **Independent Auditor's Report**

Members of the Township Board  
Orange Township  
Kalkaska County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Orange, as of and for the year ended March 31, 2008, which collectively comprise the Townships' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Orange's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit and the report of other auditors, provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Orange, as of March 31, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Township of Orange has not presented the Managements Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not a required to be part of, the basic financial statements.

The required budgetary comparison information identified in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally if inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Orange's basic financial statements. The supplementary data section is presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary data section has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Certified Public Accountants  
September 22, 2008

**TOWNSHIP OF ORANGE**  
**STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET**  
**YEAR ENDED MARCH 31, 2008**

	Governmental Fund Types		Total Governmental Funds	Adjustments	Statement Of Net Assets
	General	Non-Major Funds			
<b>ASSETS</b>					
Cash	\$ 553,447	\$ 9,545	\$ 562,992	\$	\$ 562,992
Taxes receivable	11,762		11,762		11,762
Due from other funds	528		528		528
Due from state	13,492		13,492		13,492
Capital Assets:					
Land and land improvements				121,468	121,468
Buildings and other equipment, net of accumulated depreciation				58,496	58,496
<b>TOTAL ASSETS</b>	<u>\$ 579,229</u>	<u>\$ 9,545</u>	<u>\$ 588,774</u>	<u>\$ 179,964</u>	<u>\$ 768,738</u>
<b>LIABILITIES:</b>					
Due to other funds	\$	\$	\$	\$	\$
Due to other governmental units					
<b>TOTAL LIABILITIES</b>					
<b>FUND BALANCE/NET ASSETS</b>					
Fund balances:					
Undesignated	<u>579,229</u>	<u>9,545</u>	<u>588,774</u>	<u>(588,774)</u>	
<b>TOTAL FUND BALANCE</b>	<u>579,229</u>	<u>9,545</u>	<u>588,774</u>	<u>(588,774)</u>	
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<u>\$ 579,229</u>	<u>\$ 9,545</u>	<u>\$ 588,774</u>		
<b>NET ASSETS</b>					
Invested in Capital Assets				179,964	179,964
Unrestricted				<u>588,774</u>	<u>588,774</u>
<b>TOTAL NET ASSETS</b>				<u>768,738</u>	<u>768,738</u>
				<u>\$ 179,964</u>	<u>\$ 768,738</u>

The accompanying notes are an integral part of these statements.

**TOWNSHIP OF ORANGE**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**WITH THE STATEMENT OF NET ASSETS**  
**FOR THE YEAR ENDED MARCH 31, 2008**

Total governmental fund balance	\$	588,774
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		<u>179,964</u>
Net Assets of Governmental Activities	\$	<u><u>768,738</u></u>

The accompanying notes are an integral part of these statements.

**TOWNSHIP OF ORANGE**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE**  
**YEAR ENDED MARCH 31, 2008**

	Governmental Fund Type		Total Governmental Funds	Adjustments	Statement of Activities
	General	Non-Major Funds			
REVENUES:					
Property taxes	\$ 60,387	\$	\$ 60,387	\$	\$ 60,387
Other taxes	314		314		314
State revenue sharing	82,550		82,550		82,550
Interest	21,886	54	21,940		21,940
Miscellaneous	13,290		13,290		13,290
TOTAL REVENUES	178,427	54	178,481		178,481
EXPENDITURES:					
Legislative:					
Township Board	23,065		23,065		23,065
General government:					
Supervisor	71		71		71
Elections	2,682		2,682		2,682
Assessor	11,325		11,325		11,325
Attorney fees	2,417		2,417		2,417
Clerk	2,149		2,149		2,149
Board of Review	1,061		1,061		1,061
Treasurer	4,134		4,134		4,134
Building and grounds	3,706		3,706		3,706
Cemetery	7,189		7,189		7,189
Unallocated	3,621		3,621		3,621
Depreciation				4,053	4,053
Public safety:					
Fire protection	31,535		31,535		31,535
Refuse collection	6,029		6,029		6,029

	Governmental	Fund Type	Total		
	General	Non-Major	Governmental	Adjustments	Statement of
		Funds	Funds		Activities
EXPENDITURES (Continued):					
Public works:					
Highways and streets					
Depreciation				877	877
Health and welfare:					
Health	315		315		315
Other:					
Social security and fringes	4,482		4,482		4,482
Insurance	3,423		3,423		3,423
TOTAL EXPENDITURES	107,204		107,204	4,930	112,134
EXCESS OF REVENUES OVER EXPENDITURES	71,223	54	71,277	(4,930)	66,347
OTHER FINANCING SOURCES (USES):					
Operating transfers in		933	933		
Operating transfers (out)	(933)		(933)		
TOTAL OTHER FINANCING SOURCES (USES)	(933)	933			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	70,290	987	71,277	(71,277)	
CHANGE IN NET ASSETS				66,347	66,347
FUND BALANCE/NET ASSETS, beginning of year	508,939	8,558	517,497	184,894	702,391
FUND BALANCE/NET ASSETS, end of year	\$ 579,229	\$ 9,545	\$ 588,774	\$ 179,964	\$ 768,738

The accompanying notes are an integral part of these statements.

**TOWNSHIP OF ORANGE**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF**  
**GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2008**

Net change in fund balance	\$	71,277
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Amounts reported for governmental activities are different because:

Governmental fund reports capital outlays as expenditures. However, in the statement of activities, the cost of these assets are depreciated over their estimated useful lives.

Expenditures of capital assets

Current year depreciation		(4,930)
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Net Assets of Governmental Activities	\$	66,347
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The accompanying notes are an integral part of these statements.



**TOWNSHIP OF ORANGE  
STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUNDS  
MARCH 31, 2008**

**ASSETS**

Cash	\$ <u>528</u>
 TOTAL ASSETS	 \$ <u><u>528</u></u>

**LIABILITIES**

Due to other funds	\$ <u>528</u>
 TOTAL LIABILITIES	 \$ <u><u>528</u></u>

The accompanying notes are an integral part of these statements.

**TOWNSHIP OF ORANGE**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Township of Orange (Township), Kalkaska County, Michigan, conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to government units. The following is a summary of summary of significant accounting policies by the Township.

**Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of the interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from the goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting and Basis of Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provided have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when a payment is due.

**TOWNSHIP OF ORANGE**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**Measurement Focus, Basis of Accounting and Basis of Presentation - continued**

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund.

Additionally, the government reports the following fund types:

The *agency fund* is custodial in nature and does not present the results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for tax collection function that is maintained by the County Treasurer.

The Townships only other fund is a non-major governmental fund. The *capital projects fund* accounts for the general operations of the building department.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The government has not elected to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

**TOWNSHIP OF ORANGE**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

**Cash and investments**

The Township reports its investments in accordance with GASB Statements No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and GASB Statements No. 40, *Deposit and Investment Risk Disclosure*. Under these standards, certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, such as certificates of deposit, and the district intends to hold the investment until maturity.

State statutes authorize the Township to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, saving and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or Nation Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which mature not more than 270 days after the date of purchase. The Township is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

**Property Taxes**

Property taxes and other revenue that are both measurable and available for use to the finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2007 Township tax roll general millage rate was .7891 mills. The Township also levies 1.0000 mills for fire protection. The taxable value was \$33,708,629.

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Donated fixed assets are stated at their fair market value on the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment of a fund is determined by its measurement focus. General capital assets are long-lived assets of the Township as a whole. Infrastructure such as streets, traffic signals and signs will be capitalized on a prospective basis. The valuation basis for the general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

**TOWNSHIP OF ORANGE**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**Capital Assets - continued**

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings	50 years
Building Improvements	10 to 15 years
Roads	40 years
Office Equipment	5 to 7 years
Computer Equipment	3 to 7 years

**Budgets and Budgetary Accounting**

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these general purpose financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

**TOWNSHIP OF ORANGE**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 – CHANGES IN GENERAL FIXED ASSETS**

Capital asset balances and activity for the year ended March 31, 2008 were as follows:

<b>Primary Government</b>	<u>Balance 3/31/07</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Balance 3/31/08</u>
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 72,014		\$	\$ 72,014
Total capital assets not being depreciated	<u>72,014</u>			<u>72,014</u>
Capital assets, being depreciated				
Buildings	20,595			20,595
Equipment	18,971			18,971
Land Improvements	52,541			52,541
Infrastructure	<u>43,850</u>			<u>43,850</u>
Total capital assets being depreciated	<u>135,957</u>			<u>135,957</u>
Less accumulated depreciation for:				
Buildings	6,708	1,449		8,157
Equipment	11,239	2,016		13,255
Land Improvements	2,499	588		3,087
Infrastructure	<u>2,631</u>	<u>877</u>		<u>3,508</u>
Total accumulated depreciation	<u>23,077</u>	<u>4,930</u>		<u>28,007</u>
Total capital assets, being depreciated, net	<u>112,880</u>	<u>(4,930)</u>		<u>107,950</u>
Governmental activities capital assets, net	<u>\$ 184,894</u>	<u>\$ (4,930)</u>	<u>\$</u>	<u>\$ 179,964</u>

**NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES**

The amounts of Interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	<u>\$ 528</u>	Current Tax Collection	<u>\$ 528</u>

**TOWNSHIP OF ORANGE**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 4 – POSTEMPLOYMENT BENEFITS**

The Township provides no post employment benefits to past employees.

**NOTE 5 – RISK MANAGEMENT**

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (worker's compensation). The Township has purchased commercial insurance for property loss, torts, and worker's compensation claims. Settled claims relating to the commercial insurance have not exceed the amount of insurance coverage in any the past five fiscal years.

**NOTE 6 – DEPOSITS**

The Government Accounting Standards Board (GASB) Statement No. 40 risk disclosure for deposits at year end are as follows:

Deposits	Bank Balances
Insured FDIC	\$ 409,545
Uninsured	153,447
Total Deposits	<u>\$ 562,992</u>

At year end the balance sheet carrying amount of deposits was \$562,992.

*Interest Rate Risk* – The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk* - State statutes authorize the township to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, saving and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or Nation Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which mature not more than 270 days after the date of purchase. The Township is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above. The Township has no investment policy that would further limit its investment choices.

*Concentration of Credit Risk* – The Township places no limit on the amount the district may invest in any one issuer.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**TOWNSHIP OF ORANGE**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL –**  
**GENERAL FUND**  
**YEAR ENDED MARCH 31, 2008**

	General Fund			
	Original Budget	Final Budget	Actual	(Over) Under Budget
REVENUES:				
Property taxes	\$ 16,000	\$ 16,000	\$ 60,387	\$ 44,387
Other taxes			314	314
State revenue sharing	64,000	64,000	82,550	18,550
Interest			21,886	21,886
Miscellaneous			13,290	13,290
<b>TOTAL REVENUES</b>	<b>80,000</b>	<b>80,000</b>	<b>178,427</b>	<b>98,427</b>
EXPENDITURES:				
Legislative:				
Township Board	26,000	26,000	23,065	2,935
General government:				
Supervisor	150	150	71	79
Elections	10,000	10,000	2,682	7,318
Assessor	15,000	15,000	11,325	3,675
Attorney Fees	10,000	10,000	2,417	7,583
Clerk	6,000	6,000	2,149	3,851
Board of Review	3,000	3,000	1,061	1,939
Treasurer	8,000	8,000	4,134	3,866
Building and grounds	12,000	12,000	3,706	8,294
Cemetery	14,000	14,000	7,189	6,811
Unallocated	60,250	60,250	3,621	56,629
Public safety:				
Fire protection	35,000	35,000	31,535	3,465
Refuse collection	10,000	10,000	6,029	3,971
Health and welfare:				
Health	500	500	315	185
Recreation	100	100		100
Other:				
Social security and fringes	5,000	5,000	4,482	518
Insurance	5,000	5,000	3,423	1,577
Contingencies				
<b>TOTAL EXPENDITURES</b>	<b>220,000</b>	<b>220,000</b>	<b>107,204</b>	<b>112,796</b>
EXCESS OF REVENUES OVER EXPENDITURES	(140,000)	(140,000)	71,223	211,223
OTHER FINANCING SOURCES (USES):				
Operating transfers (out)			(933)	(933)
EXCESS OF REVENUES AND OTHER SOURCES OVER(UNDER) EXPENDITURES AND OTHER USES	<u>\$ (140,000)</u>	<u>\$ (140,000)</u>	70,290	<u>\$ 210,290</u>
FUND BALANCE, beginning of year			508,939	
FUND BALANCE, end of year			<u>\$ 579,229</u>	

## **Supplementary Data Section**

**TOWNSHIP OF ORANGE  
CURRENT TAX COLLECTION FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
YEAR ENDED MARCH 31, 2008**

	Balance 4/1/07	Additions	Deductions	Balance 3/31/08
<b>ASSETS</b>				
Cash in bank	\$ 411	\$ 804,676	\$ 804,559	\$ 528
<b>LIABILITIES</b>				
Due to other funds	\$ 411	\$ 48,878	\$ 48,761	\$ 528
Due to other taxing units		755,798	755,798	
Total Liabilities	\$ 411	\$ 804,676	\$ 804,559	\$ 528



September 22, 2008

Members of the Township Board  
Orange Township  
Kalkaska County, MI

In planning and performing our audit of the basic financial statements of Township of Orange for the fiscal year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Township of Orange's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions in the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Governmental Unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the Governmental Unit's internal control.

Our consideration of internal controls was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiency to be a significant deficiency in internal control:

#### Financial Statement Preparation

Effective internal control over financial reporting involves the identification and analysis of the risk of material misstatement to the governmental unit's audited financial statements and then should determine how these identified risks should be managed. Management has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent and detect material misstatements, including footnote disclosures.

Generally accepted accounting principles (GAAP) requires management to review the drafted financial statement and compare to a current GAAP checklist to help assure that the financial statements are reliable and in accordance with GAAP. The Township does not have an employee who has current GAAP knowledge. As a result, material disclosure and classification misstatements were not prevented or detected prior to our review.

This report is intended solely for the information and use of the Township Board, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Certified Public Accountants